

Message Text

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PAGE 01 HAVANA 00781 281630Z
ACTION ARA-14

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EO 11652: NA
TAGS: EFIN CGEN AFIN ABUD AFSP CU
SUBJ: NATIONAL BANK AND MINREX OFFICIALS AGREE IN PRINCIPLE
TO REPATRIATION OF US CONSULAR FEES

1. DURING LUNCHEON WITH DEPUTY CUBAN AFFAIRS DIRECTOR BOWEN AND USINT OFFICER, MARCH 24, VICE-PRESIDENT RAUL AMADO BLANCO AND SECRETARY JOSE FRANCO CORTES OF NATIONAL BANK OF CUBA, AND MINREX DIRECTOR OF NORTH AMERICAN AFFAIRS LUIS GARCIA PERAZA INDICATED THAT THEY ARE SATISFIED WITH LANGUAGE OF TREASURY LICENSE AUTHORIZING REPATRIATION TO CUBA OF CONSULAR RECEIPTS DERIVED BY CUBAN INTERESTS SECTION, WASHINGTON. IN REPLY TO QUERY BY US OFFICERS, CUBANS STATED THAT THEY ARE PREPARED IN PRINCIPLE TO RESPOND FAVORABLE TO A NOTE FROM USINT REQUESTING OPENING OF ACCOUNT FOR US CONSULAR FEES (NON-CONVERTIBLE CUBAN PESOS) COLLECTED HERE IN HAVANA. THEY INDICATED THAT THIS NON-CONVERTIBLE INCOME WOULD BE CONVERTED BY BANK INTO US CURRENCY FOR TRANSFER TO ANY INSTITUTION (E.G. TREASURY) OR BANK DESIGNATED, AND DULY LICENSED BY TREASURY, TO RECEIVE THESE FUNDS.

2. IN RESPONSE TO QUERY, BANK OFFICIALS ALSO SAID THAT INCOME DERIVED FROM SALE OF USINT PROPERTY OR GOODS (SALES OF PERSONAL VEHICLES UPON TERMINATION OF ASSIGNMENTS WERE CITED BY US OFFICERS AS EXAPLE) COULD BE CONVERTED AND REPATRIATED UPON
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PAGE 02 HAVANA 00781 281630Z

NOTIFICATION TO BANK OF NATURE OF TRANSACTION. (COMMENT: WHILE BANK OFFICIALS CLEARLY RESPONDED POSTIVELY IN PRINCIPLE TO QUESTION OF CONVERSION AND REPATRIATION OF PROPERTY SALES INCOME, THEY MAY YET DISTINGUISH BETWEEN SALES OF OFFICIAL PROPERTY AND SALES OF PRIVATE PROPERTY - SUCH AS PERSONAL AUTOMOBILES. WE, HOWEVER, CONSIDER CUBAN EXPRESSION OF WILLINGNESS IN PRINCIPLE TO CONVERT AND PERMIT REPATRIATION OF

USINT SOFT CURRENCY CONSULAR AND PROPERTY SALE INCOME AS
SIGNIFICANT GESTURE OF FLEXIBILITY.)

3. BANK OFFICIALS SAID THAT QUESTION OF CONVERSION AND
REPATRIATION OF OTHER POTENTIAL USINT NON-CONVERTIBLE
CURRENCY INCOME (FOR EXAMPLE, THE PROCEEDS FROM ANY FUTURE
SNACK BAR FOR CUBAN LOCAL EMPLOYEES) WOULD HAVE TO BE STUDIED.

4. WITH REGARD TO PROPOSED NEW CUBALSE CREDIT CONTRACT FOR
MISSIONS AND INDIVIDUALS HERE IN HAVANA (STATE 44640 AND
PREVIOUS) BANK OFFICIALS ACKNOWLEDGED THAT NO MINISTRY OF
TREASURY IN WORLD WOULD ALLOW ITS FUNDS TO BE OBLIGATED OR
ATTACHED WITHOUT ITS CONSENT. (COMMENT: THUS, BANK MAY RECOGNIZE
LEGITIMACY OF USG OBJECTIONS - SEE STATE 44640 -
TO PROPOSED CUBALSE PROCEDURE ON USINT MISSION ACCOUNTS.)

(FYI WE HAVE NOT PREVIOUSLY RAISED USG OBJECTIONS WITH
CUBANS PENDING RECEIPT OF INDICATION THAT CUBALSE INTENDS
TO PROCEED WITH ITS PLANS. END FYI.) REGARDING PROPOSED
NEW CUBALSE PROCEDURES FOR INDIVIDUALS, BANK OFFICIALS
DEFENDED THEM AS CONSISTENT WITH VIENNA CONVENTION, SAYING
THAT IF PAYMENT CANNOT BE GUARANTEED, NATIONAL BANK IS
WITHIN ITS RIGHTS TO DENY CREDIT. BANK OFFICIALS STATED,
HOWEVER, THAT THEY INVITE ANY USINT COMMENTS ON PROPOSED
PROCEDURE. (COMMENT: IN VIEW OF APPARENT PERSISTENCE OF
CUBALSE PLANS AND BANK OFFICIALS' INVITATION OF COMMENTS,
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PAGE 03 HAVANA 00781 281630Z

WE BELIEVE IT MAY NOW BE PRODUCTIVE TO PROVIDE MORE DETAILED
ARGUMENTATION ON ISSUE TO CUBANS.)

5. ACTION REQUESTED: DEPARTMENT REQUESTED TO SUPPLY
DETAILED VIEWS ON APPLICABILITY OF VIENNA CONVENTION
PRIVILEGES AND IMMUNITIES QUESTIONS CITED IN PARA 1, STATE
44640. DEPARTMENT'S AUTHORIZATION IS ALSO REQUESTED FOR USINT
TO SEND NOTE REQUESTING OPENING OF NEW TREASURY ACCOUNT FOR
DEPOSIT AND CONVERSION OF NON-CONVERTIBLE CUBAN PESOS
DERIVED FROM CONSULAR FEES, PROPERTY SALES, AND OTHER
MISCELLANEOUS ACTIVITIES.
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